

COMSCINST 4860.1	COG CODE N1	DATE 25 JUN 1987
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DEPARTMENT OF THE NAVY
 COMMANDER MILITARY SEALIFT COMMAND
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COMSCINST 4860.1
 N1
 25 June 1987

COMSC INSTRUCTION 4860.1

Subj: OPERATION OF COMMERCIAL ACTIVITY TYPE SHIPS

Ref: (a) OMB Circular A-76

1. Purpose. To establish MSC policy with regard to manning of newly acquired commercial activity type ships.

2. Definitions. For the purposes of this instruction, the following items are defined according to reference (a):

a. Commercial activity is one which is operated by a Federal Executive agency and which could be obtained from a commercial source. A commercial activity is not a governmental function. Operation of oceanographic ships is an example of a commercial activity.

b. Governmental function is one which is so intimately related to the public interest as to mandate performance by government employees. Operation of underway replenishment ships is an example of a governmental function.

3. Background

a. The operation of a ship through the post-shakedown availability (PSA) is an inherently governmental function. The identification and correction of deficiencies and the preparation for INSURV final contract trials (*all performed by the ship's crew*) involve the exercise of discretion in applying governmental authority and value judgments in making decisions for the government.

b. Reference (a) requires that new starts of commercial activities be contracted out unless there is reason to believe that commercial prices may be unreasonable. In that case, an informal preliminary review shall be conducted to determine whether it is likely that the work can be performed in-house at a cost that is less than anticipated contract performance by 10% of the government personnel-related cost. If this is determined to be likely, a full A-76 cost comparison shall be conducted.

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4. Policy. In accordance with reference (a), it is COMSC policy that:

a. Newly acquired commercial activity type ships will be operated by civil service crews through the PSA.

b. A preliminary cost analysis will be made for each new start of a commercial activity type ship. If this analysis shows civil service operation to be at least 10% less expensive than commercial operation, a request to schedule a full A-76 study will be drafted for COMSC signature and forwarded to CNO (OP-04) for approval.

5. Responsibility

a. The Readiness and Program Introduction Office will advise the Personnel, Manpower and Management Office of all plans to acquire commercial activity type ships.

b. The Personnel, Manpower and Management Office will make all necessary arrangements for the operation of these ships through the PSA. It will also conduct the preliminary cost analysis and either initiate actions to schedule an A-76 cost comparison study or advise the Readiness and Program Introduction Office to prepare for commercial operations post-PSA through the normal procurement process.

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